

**JEFFERSON, URIAN, DOANE &  
STERNER, P.A.**

**SUSSEX TECHNICAL SCHOOL DISTRICT**

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

**JUNE 30, 2008**

**FIELDWORK END DATE: SEPTEMBER 19, 2008**

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

Dr. Patrick E. Savini  
Sussex Technical School District  
17099 County Seat Highway  
Box 351  
Georgetown, Delaware 19947

The Honorable Valerie A. Woodruff  
Secretary, Department of Education  
Townsend Building, Suite 2  
401 Federal Street  
Dover, Delaware 19901

We have performed the procedures enumerated below, which were agreed to by Sussex Technical School District; the Office of Auditor of Accounts; and the State of Delaware Department of Education, solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Capital Asset Policy Manual, the State of Delaware Department of Education School Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual relative to the school construction projects administered by the School District for the year ended June 30, 2008. Sussex Technical School District's management is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* (2007) issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

There are no findings upon completion of Sussex Technical School District's construction program and project checklists.

2. Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Upon completion of Sussex Technical School District's construction program and project checklist, our procedures resulted in finding(s), see *Appendix A*.

3. Determine if expenditures are accurately stated and are made in accordance with the State Capital Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the Local Board of Education.

Upon completion of Sussex Technical School District's construction program and project checklist, our procedures resulted in finding(s), see *Appendix A*.

4. Determine whether the School District's construction project records and files include only active construction projects as of June 30, 2008. Ensure that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

There are no findings upon completion of Sussex Technical School District's construction program and project checklists.

5. Prepare the School District's Schedule of Construction Projects for Fiscal Year 2008.

See *Appendix C*.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Sussex Technical School District management and Board Members, the Office of Auditor of Accounts, and the State of Delaware Department of Education, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Department of Finance, the State Treasurer's Office, and the Office of Auditor of Accounts.

*Jefferson, Urian, Doane & Sterner, P.A.*

Georgetown, Delaware  
September 19, 2008

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# SCHEDULE OF FINDINGS & RECOMMENDATIONS

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## APPENDIX A

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### ***Procedure Agreed Upon #2:***

#### ***Finding 08-01:***

During completion of Sussex Technical School District's construction program and project checklists for the sewer connection and generator project, it was noted that School District personnel failed to notify the Department of Education and the State Budget Director of the start of construction for the sewer connection project as required by State of Delaware School Construction Technical Assistance Manual, §2.0, Paragraph 5.1 and State of Delaware Budget and Accounting Policy Manual, XII.D.3.p. This was due to an oversight by School District personnel. Noncompliance with State of Delaware provisions, including School Construction Technical Assistance Manual and Budget and Accounting Policy Manual, could potentially cause a delay in receiving future State funding.

#### ***Recommendation:***

Sussex Technical School District should notify the Department of Education and the State Budget Director of the start of construction for the sewer connection project as soon as possible.

#### ***School District's Response:***

*"Sussex Technical School District agrees and this has already been corrected by submitting the notifications."*

### ***Procedures Agreed Upon #3:***

#### ***Finding 08-02:***

During completion of Sussex Technical School District's construction program and project checklist, it was noted that expenditures totaling \$ 41,276 for the renovations to the 300/400 wings project (appropriation code 7812) were incorrectly coded to the classroom replacement project (appropriation code 7713). The two construction projects were combined under the same general contract even though the projects were authorized by two separate Certificate of Necessities. District personnel did not receive proper documentation to separate costs for the two projects. As required by 29 Del. C. §7415, the funds appropriated by an authorization act may be used only for the costs set forth in such act. An expenditure correction was processed subsequent to year end to correct this error. Failure to properly separate costs of projects could result in fraud, errors, and irregularities.

#### ***Recommendation:***

Sussex Technical School District should review their procedures to ensure documentation is obtained in the future to segregate project costs appropriately.

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# SCHEDULE OF FINDINGS & RECOMMENDATIONS

APPENDIX A

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***Finding 08-02:***

***School District's Response:***

*“All future major capital projects with separate Certificate of Necessities will be assigned separate purchase orders to make sure this situation will not be repeated.”*

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# SCHEDULE OF PRIOR YEAR FINDINGS

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APPENDIX B

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The following schedule summarized the prior year findings and the status of the prior year findings.

Prior Year Finding	Recommendation	Status of Prior Year Finding
Finding 07-01 - During completion of Sussex Technical School District's construction program and project checklists for Roof and Floor Replacement project, it was noted that bid bonds for the unsuccessful bidders for the roof project had not been timely returned within the sixty (60) day period in accordance with 29 Del. Code §6962(d)(8)b. This was due to an oversight by School District personnel. Noncompliance with State of Delaware provisions, including Delaware Code, could potentially cause a delay in receiving future State funding.	Sussex Technical School District should adhere to policies and procedures already established to ensure timely return of bid bonds for capital projects in compliance with State of Delaware guidelines.	Implemented.

**Status Key:**

Implemented

The concern has been addressed by implementing the original or an alternate corrective action.

Not Implemented

The corrective action has not been initiated.

Partially Implemented

The corrective action has been initiated but is not complete and the auditor has reason to believe management fully intends to address the concern.

# SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/08
Sewer Connection and Generator	2006	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 871,161	\$ 127,295	\$ 998,456	\$ 1,544
	2007	1,887,500	-	1,887,500	567,369	-	567,369	1,320,131
Roof and Floor Replacement	2006	1,037,200	-	1,037,200	788,428	68,428	856,856	180,344
Renovations 300/400 Wings	2007	65,500	-	65,500	29,183	1,599	30,782	34,718
	2008	590,500	-	590,500	54,135	-	54,135	536,365
Replace Modular Classrooms	2007	2,653,400	-	2,653,400	666,489	324	666,813	1,986,587
Replace Water System	2008	89,300	-	89,300	-	-	-	89,300
<b>Totals</b>		\$ 7,323,400	\$ -	\$ 7,323,400	\$ 2,976,765	\$ 197,646	\$ 3,174,411	\$ 4,148,989

Note 1 - The questioned costs of \$ 41,276 in Finding 08-02 are included in total current year expenditures of \$ 666,489 Replace Modular Classrooms project.



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# DISTRIBUTION OF REPORT

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Copies of Sussex Technical School District's Agreed-upon Procedures Attestation Engagement will be distributed by the Office of the Auditor of Accounts to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware  
The Honorable Richard S. Cordrey, Secretary, Department of Finance  
Mr. Michael S. Jackson, Acting Director, Office of Management and Budget  
The Honorable Valerie A. Woodruff, Secretary, Department of Education  
Ms. Trisha Neely, Director, Division of Accounting  
Mr. R. Thomas Wagner, State Auditor, Office of the Auditor of Accounts

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph Biden, III, Attorney General, Office of the Attorney General  
The Honorable Jack Markell, Treasurer, State Treasurer's Office

Other

Ms. Dorcell S. Spence, Associate Secretary - Finance and Administrative Services Branch, Department of Education  
Dr. Patrick E. Savini, Superintendent, Sussex Technical School District